

Message Text

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ACTION EUR-12

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 6251
INFO USMISSION USNATO
AMEMBASSY LUXEMBOURG

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E.O.11652: N/A
TAGS: MPOL, EIND, BE
SUBJECT: CONTROVERSY OVER ARMORED PERSONNEL CARRIER
CONTRACT: WORKERS OCCUPY STATE SECRETARY'S OFFICE TO
PROTEST DELAYS IN REACHING DECISION AND POSSIBLE
RELOCATION OF PROPOSED COMPONENT FACTORY

REF: BRUSSELS 6076

1. PRESS REPORTS THAT APPROXIMATELY 50 WORKERS FROM
SOUTH LUXEMBOURG PROVINCE OCCUPIED OFFICE OF STATE
SECRETARY FOR WALLOON AFFAIRS ROBERT URBAIN ON APRIL
24 TO PROTEST DELAY IN AWARDED ARMORED PERSONNEL
CARRIER (APC) CONTRACT AND TO EXPRESS OPPOSITION AT
ALLEGED PLANS TO PLACE MAJOR COMPONENT MANUFACTURING
PLANT IN ANOTHER PART OF WALLONIA RATHER THAN SOUTH
LUXEMBOURG. OCCUPATION TERMED PEACEFUL.

2. WORKERS, ALL REPORTEDLY FROM ATHUS/RODANGE STEEL
FACILITY, OCCUPIED URBAIN'S OFFICE AT ABOUT 1000 HOURS.
SPECIFICALLY, THEY WERE PROTESTING DELAY IN AWARD OF
APC CONTRACT TO FOOD MACHINERY CORPORATION'S AIFV
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(ARMORED INFANTRY FIGHTING VEHICLE). PRESS HAS WIDELY
REPORTED OVER LAST FEW WEEKS THAT BELGIAN MOD HAS
SELECTED FMC M-113 AND/OR AIFV TO REPLACE OBSOLETE
M-75 AND AMX-10 ARMORED PERSONNEL CARRIERS. AS PART
OF ECONOMIC COMPENSATION OR OFFSET TO GOB, FMC WOULD
SUBCONTRACT AIFV TURRETS TO BELGIAN FIRM ASCO, TO
BE LOCATED IN HIGH UNEMPLOYMENT AREA OF AUBANGE IN

SOUTH LUXEMBOURG. (FYI: ADDRESSEES WILL RECALL THAT ATHUS/RODANGE STEEL MILL PROBLEMS IN SUMMER AND FALL OF 1977 RESULTED IN MAJOR LABOR AGITATION IN SOUTH LUXEMBOURG AS WELL AS OCCUPATION OF LUXEMBOURG EMBASSY IN BRUSSELS BY ATHUS/RODANGE WORKERS. END FYI).
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3. OF EQUAL IF NOT GREATER IMPORTANCE TO WORKERS IS WELL-GROUNDED FEAR THAT INTERVENTION BY MINISTRY OF WALLOON AFFAIRS IN ONGOING DISCUSSIONS BETWEEN GOB AND FMC OVER AIFV CONTRACT MAY RESULT IN TURRET FACTORY BEING RELOCATED IN CHARLEROI AREA OF WALLONIA; ALSO AN AREA OF HIGH UNEMPLOYMENT.

4. OCCUPATION APPARENTLY ENDED LATER IN DAY AFTER WORKERS WERE ADDRESSED BY REPRESENTATIVES OF MINISTRY OF ECONOMIC AFFAIRS (ROLAND CHARLIER) AND MOD (COL. DUPONT). BOTH TOLD WORKERS THAT WHILE TECHNICAL STUDIES ON AIFV HAD BEEN COMPLETED, DISCUSSIONS ON FINANCIAL AND ECONOMIC COMPENSATIONS WERE STILL UNDERWAY, AND OPTIMISTICALLY FORECAST THAT THEY WOULD BE COMPLETED WITHIN NEXT TWO WEEKS. WORKERS WERE PROMISED THAT APPROPRIATE MINISTERS (MATHOT, PUBLIC WORKS AND WALLOON AFFAIRS; CALIFICE, WALLOON SOCIAL AFFAIRS; AND URBAIN) WOULD GO TO SOUTH LUXEMBOURG PROVINCE IN NEXT FEW DAYS
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TO DISCUSS PROVINCE'S ECONOMIC FUTURE. WORKERS TOLD GOB REPRESENTATIVES THAT FAILURE TO SITE ASCO PLANT IN SOUTH LUXEMBOURG WOULD RESULT IN "FUNDAMENTAL LOSS OF CREDIT" FOR GOVERNMENT IN REGION.

5. COMMENT. IT IS DIFFICULT TO PREDICT EFFECT THAT THIS WILD CARD WILL HAVE ON ONGOING GOB-FMC DISCUSSIONS ON ECONOMIC COMPENSATION FOR THIS MAJOR MILITARY CONTRACT (ESTIMATED VALUE \$450 MILLION). WORKER OCCUPATION MAY HAVE DESIRED EFFECT OF PREVENTING TRANSFER OF ASCO TURRET PLANT TO CHARLEROI, WHICH IS -- OR WAS -- A REAL POSSIBILITY. INCIDENT ALSO HIGHLIGHTS ENDEMIC DELAYS EXPERIENCED BY PRESENT TINDEMANS GOVERNMENT IN REACHING DECISIONS ON MAJOR MILITARY REEQUIPMENT AND OTHER MAJOR INDUSTRIAL DECISIONS (E.G., FAIREY HAWK/HELIP).

6. EMBASSY WILL REPORT FURTHER DEVELOPMENTS AS THEY OCCUR.
CHAMBERS

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